MORE ON FINANCE, CLIMATE CRISIS AND CATASTROPHE.

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In a society that – through prophylactic measures, through the destruction of its own natural points of reference, through the whitewashing of violence, through the eradication of all germs and the cursed part, through cosmetic operations on the negative – seeks to deal exclusively with quantified management and with the discourse of good, in a society in which it is no longer possible to speak of evil, evil has transformed itself into all the viral and terrorist forms with which we are obsessed." Baudrillard

To speak of permacrises, polycrises, overlapping crises or even catastrophe, as I do in my new book "The Ecstasy of Speculation. Capitalism in the Age of Catastrophe", is an open secret. Vincent Thomas, former Vice President of the World Bank, writes in the Financial Times about overlapping crises that could break the global financial system. He is thinking in particular of the interplay between the climate crisis and financial fragility, which harbours potentially insurmountable dangers if no immediate action is taken. On the one hand, Thomas points to the dangers posed by the unprecedented scale of global debt and the unregulated nature of the shadow banking system, which consists of non-banks such as hedge funds, pension funds, insurance companies, etc. and now dominates around half of global financing. On the other hand, he is concerned about the impact of climate change on insurance companies, food supply and industrial supply chains. He concludes that in order to avert a looming financial crisis, the G20 needs to make a comprehensive effort to decarbonise economies.

As a banker, he takes an instrumental approach to the environment on which human life depends. Above all, it must be preserved in order to protect the financial system. At the central bankers' symposium in Jackson Hole last month, it

was further argued that high levels of government debt – the debt to GDP ratio has risen from an average of 40 per cent to 60 per cent since 2008, and as high as 85 per cent in wealthy countries – cannot fall as spending, including interest on legacy debt, increases and GDP growth continues to slow globally. Low growth means that less money is available for new investment, so corporate debt increases, while falling or stagnating real incomes mean that consumer debt must also increase. The debt machinery must therefore increase. If central banks have to raise interest rates further to tame inflation, as is believed, then this can only work through a further slowdown in investment, which will also depress wages due to rising unemployment. Furthermore, companies will raise prices if possible. The spectre of stagflation cannot be banished without further ado.

Since coronavirus, we have known that an economic collapse has a positive effect on the climate. If, on the other hand, the economy holds out for another decade or two, with further cash injections by governments and thus growing debt and financial fragility, then the environmental catastrophe will worsen. And capitalism is inconceivable without growth. That is why interest rate hikes cannot last for long. That is the paradox.

When Christine Lagarde says that there is currently no pre-existing script for the situation we are facing today, that the new J.M. Keynes or Milton Friedman with a solution to the problems is not in sight, then you at least want to do something about the climate crisis. Nevertheless, the production of fossil fuels continues to increase worldwide and CO2 levels are rising. Even possible smaller symbolic steps such as banning ocean cruises, private jets and the waste of increasingly scarce water on golf courses are not up for debate. Instead, the next big climate meeting will take place under the auspices of a petro-state.

But let's move on to some more fundamental reflections on the financial system and catastrophe that go beyond whitewashing the system, the problems of which Thomas and Lagarde acknowledge without questioning the system itself. Today's financial system requires the constant growth of temporal volatility resulting from the competing expectations of market players about future prices. Attempts are made to predict a future that may be calculable, but is ultimately unpredictable. In today's financial system, everything, even catastrophe, becomes a financial asset, a fungible pool of liquidity. Everything that can be quantified is hedged, insured, leveraged, fragmented and reassembled. Insurance is everything. The financial system is an engine and not a camera observing the real economy.

In the new financial cosmology, time is engineered, not experienced. The current polycrisis is very specifically temporal, with polyvalent and destabilising uncertainties that can no longer be structured by a horizon of possibilities, but are indicated by limits, probabilities and closure. Here, temporality is less a measure of a physical existence than a technology with which systemic conditions of existence are shaped. Time itself becomes a technical medium.

In times of catastrophe, reality and fiction intermingle. The global information war is currently in full swing in the face of the Gaza war. Different versions of reality are clashing more and more openly. Societies and individuals are choosing for themselves which reality they want to believe in. And then they live in it. There is no longer just one reality as in the "old" world. This is exactly what Baudrillard means by hyperreality.

Statistical models that collect data on storms, flood risks or dense populations in order to estimate the damage caused by future storms or floods are in vogue. However, it is necessary to simulate millions of synthetic floods or storms in order to obtain a sample of sufficient size to estimate possible damage. Different time

scales from 10 to 100 years simulate the possibility of upcoming floods or storms to indicate a period that allows clients to estimate how high their upcoming losses could be. The risk involved is a threat and a resource. Those who model such catastrophes make scientific findings understandable and usable for brokers and bankers. It is the insurers who turn their policies into financial instruments, catastrophe bonds or cat bonds, and sell them in high-risk classes. A Canadian pension fund can now place a “bet” on a flood in India or a wildfire in California. These natural events are understood to be uncorrelated with the markets and are used to diversify the portfolio. For example, investors put in a sum of money to buy a bond like “Japan earthquake”. If the earthquake really happens under certain conditions, the money is lost. And you may even have to pay for damages. If nothing happens, then the holder of the bond is paid out at a profit. Cat bonds are an alternative investment that primarily deals with the volatility of natural conditions and assets. But in the wake of cold cynicism, it no longer seems inconceivable that a “Gaza fund” could be set up.

In Miami, for example, the flood of venture capital has absorbed the threat of rising sea levels with increased market liquidity that has even allowed the construction sector to expand. You can see here the divergence between the short-term interests of the developers of catastrophe bonds, the medium-term risks of the owners of real and financial assets and the long-term conditions of Miami. Today, however, this market is in crisis.

The word catastrophe in Greek originally means kata (down) and streiphen (turn) to indicate a downward turn, a shift in temporal gravity, like a black hole that reshapes time. A distinction can now be made between disaster, catastrophe and emergency. Disaster is a crisis that suspends normal order for a certain period of time. Normality should and can be restored. In disasters, however, political functions, the economy and the material and social factory are disrupted or

interrupted to such an extent that a return to normality is a distant prospect. The catastrophe is a hole between before and after, which cannot be absorbed by the old rationality, while a new normality is a long time coming. The catastrophe is multi-causal and protracted.

Like an event or situation on a planetary scale, the time of catastrophe contains a temporal suspension. Concepts break apart, economic, geopolitical and affective conditions that were considered normal for decades and ensured planetary stability break away. Unpredictability or contingency arises. Events break loose in all directions. The deterritorialisation of capital flows around the globe is now being followed by a reterritorialisation of capitalist globalisation, which is linked to a deterritorialisation of nature. The distinction between human and natural history is beginning to collapse.

What Vincent Thomas, for example, who argues immanently within the capitalist system, does not want to understand is that the climate crisis is producing new speculative moments for thinking planetary time. Time is no longer like the ruin of Benjamin's angel of history, but initially remains a field of probabilities from which future uncertainties are traded. However, there is now talk of "downward counterfactuals", of alternative timelines in and with which everything only gets worse. Physicists have long offered probabilistic models in which alternative trajectories, possible worlds, are just as valid as ours. It remains to be feared that this kind of openness will take a turn for the worse.